



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
DELAWARE STATE BUILDING
820 N. FRENCH STREET
WILMINGTON, DELAWARE 19801

DIVISION OF REVENUE
TAX RULING 81-5

December 1, 1981

- Delaware Gift Tax

The Economic Recovery Tax Act of 1981 increases the gift tax annual exclusion for Federal purposes from \$3,000 per donee to \$10,000 per donee beginning January 1, 1982. In addition, the Act provides an additional unlimited gift tax exclusion for any amount paid on behalf of an individual as tuition to an educational organization for the education of such individual, or to a health care provider for medical care provided such individual.

Under Delaware law (Chap. 14, Title 30) the gift tax is imposed on "taxable gifts" as defined for Federal gift tax purposes. As a consequence, the increase in the Federal annual exclusion from \$3,000 to \$10,000 will automatically carry over and be applicable for Delaware gift tax purposes. This means that, effective with respect to gifts made after December 31, 1981, an individual donor may give up to \$10,000 per donee, each year, without incurring any Delaware gift tax liability. Likewise, the additional exclusion from gift tax of amounts paid on behalf of an individual for tuition or medical care will also apply under Delaware law to the same extent such payments qualify for exclusion for Federal gift tax purposes.

The Federal Act also changes the gift tax return filing requirements to provide that Federal gift tax returns must be filed and gift tax paid on an annual basis, rather than quarterly. This change does not automatically carry over to Delaware law, so that the present quarterly gift tax return filing requirements for Delaware gift tax purposes will continue in effect until the law is amended to provide for filing returns on an annual basis. However, where a Delaware quarterly gift tax return is required to be filed, the donor may request an automatic extension of time to file and to make payment to correspond with the due date of the Federal return. In such case, interest at 1% per month, or fraction thereof, will be assessed on the unpaid liability from the original due date of the return until date of payment.

Robert W. Chastant
Director of Revenue

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